GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2087
ANSWERED ON:06.08.2001
EXEMPTION TO FOREIGN AIRLINES FROM SALES TAX
VILAS BABURAO MUTTEMWAR

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government have taken a decision for exempting the foreign airlines from payment of sales tax on Aviation Turbine Fuel (ATF) purchases;

(b) if so, whether a huge amount of arrears have accumulated on account of non-payment of such taxes;

(c) if so, whether the domestic airlines are also expected to be benefited from such exemption from payment of taxes of ATF;

(d) whether it may have any impact on the fares;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a): A Bill has been introduced in Parliament to enact a legislation under Article 253 of the Constitution to exempt from all duties and taxes, the fuel and lubricants uplifted by an aircraft registered in another State operating international services to, from and through India.

(b): The oil companies have incurred under-recoveries amounting to Rs.694.27 Crores as on 31.3.2001 on account of amounts of sale taxes paid to the State Governments on sale of Aviation Turbine Fuel (ATF) to foreign airlines from Indian ports but not paid by the said airlines.

(c) Domestic airlines will not be benefitted from this Bill as it is meant for fulfilling India`s obligation under the Air Services Agreements with various countries.

(d), (e) and (f): It will not have any impact on the fare as foreign airlines are not paying any sale tax even now on ATF uplifted by them from various Indian ports.